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**Wilkins, Vanessa**

**From:** Wilkins, Vanessa  
**Sent:** Tuesday, October 26, 2004 10:55 AM  
**To:** 'Amy Rogers'  
**Subject:** RE: Your Questions

DOCKETS OST-2004-17171-25  
17172-24

Amy,

Per our conversation last week, our office needs additional information from SkyLink before we can continue processing SkyLink's application.

Our primary issue involves the company's forecasts. First, the lack of explanatory information as to how SkyLink's pre-operating and first-year expenses were derived limits our ability to fully assess the reasonableness of those projections. As an example, we note that it is not clear where and how the costs of establishing and maintaining stations is included in the forecasts. Also, it still remains unclear that SkyLink's capital expenditures are reflected in the company's expense projections. We are particularly concerned about the expenses listed in the company's statement of cash flows. We therefore renew our previous request that SkyLink provide additional explanatory information as to what is included in the pre-operating and first-year expense line items and how the amounts were derived.

In addition, SkyLink's operating proposal calls for it to obtain certification by December 2004 and conduct limited charter operations during December 2004 or the first quarter of 2005. However, the company has not provided any projected block hours for its charter operations during that period nor do the company's financial forecasts include projected revenues or expenses for such operations. SkyLink states that it has not provided such information because it is assuming that revenues from its charter flights will cover any expenses incurred. That may be the case, but since the Department does not generally consider revenues in establishing the financial resources needed to meet our financial test, in order for the Department to evaluate the expenses associated with this period of charter operations, the applicant will need to provide a revised forecast that includes a reasonable block hour forecast for charter services during this period as well as the revenues/expenses associated with such operations.

We also note that, based on SkyLink's organization chart, Amar Murthy and Mike Malik appear to be at the same organizational level as Bill Kutzke, the applicant's Executive Vice President/General Counsel. We would therefore assume that Messrs. Murthy and Malik have similar executive responsibilities as Mr. Kutzke and thus would be considered key personnel for SkyLink. If that is the case, please provide the resume and compliance information similar to that SkyLink has provided for Mr. Kutzke and other key personnel. If our understanding is not correct, please explain why it is not. In this connection, in its application, SkyLink indicates that Mr. Carlson currently serves as Vice President of Sales and Marketing but that, after certification, it is expected that another individual will do so. Is Mr. Malik that individual?

Finally, we are not convinced that SkyLink's fuel projections are reasonable. Please provide further justification that SkyLink will be able to obtain fuel at \$1.10 per gallon in 2005. If SkyLink is unable to substantiate its claims, we will require SkyLink to revise its projections to reflect current rates for fuel.

If you would like to further discuss these questions, please feel free to contact me.

Vanessa R. Wilkins  
Department of Transportation  
Air Carrier Fitness Division  
(202) 366-2999 Phone  
(202) 366-7638 Fax  
vanessa.wilkins@ost.dot.gov

DEPT OF TRANSPORTATION  
OPERATIONS  
2004 OCT 29 A 10:10

-----Original Message-----

**From:** Amy Rogers [mailto:ARogers@skylinkairways.com]

10/27/2004

**Sent:** Monday, October 25, 2004 1:55 PM  
**To:** Wilkins, Vanessa  
**Subject:** Your Questions

Hi Vanessa,

Were you going to send us an email with your exact questions? I think that Bill and I understand what they are, but we may be missing some item that you need. Please let us know.

Thanks.

**Amy E. Rogers**  
Assistant General Counsel  
SkyLink Airways, Inc.  
44965 Aviation Drive, Suite 260  
Dulles, Virginia 20166  
(p) 571 246 5862  
(f) 703 661 6889  
[arogers@skylinkairways.com](mailto:arogers@skylinkairways.com)